

**USPCI, INC.**

April 22, 1987

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DIVISION OF  
OIL, GAS & MINING

Mr. David Wham  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

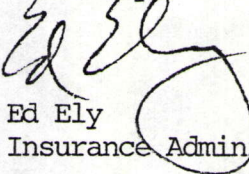
Dear Mr. Wham:

Pursuant to requirements outlined in your division's Noncoal Bonding Information memo of August 4, 1986; USPCI, Inc. wishes to apply for self-bonding. We wish to do this to replace the reclamation bond already in your possession.

To satisfy the requirements of sections 3(a)(1) and 3(a)(2) of the memo, I am enclosing annual reports for the years 1983, 1984, 1985, and 1986. USPCI Inc. was not publicly held prior to 1983. The 1986 report contains the audit opinion and report of Arthur Young and Company, independent certified public accountants. I am also enclosing an unaudited financial statement for the first quarter of 1987 to fulfill requirement 3(a)(3).

If any further information is required, please contact me.

Sincerely,



Ed Ely  
Insurance Administrator

EE:laj

Enclosures



NONCOAL  
(August 1985)

Mine Name Marblehead  
Permit No. ACT/045/033  
Date 5/8/87  
Checked By \_\_\_\_\_

SELF BONDING QUALIFICATION SHEET

Applicant Required to Meet One of the Following Criteria:

1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)

N/A

or

2.

- A. Tangible Net Worth = (at least \$10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])

- B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).

- C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).

Reference: \_\_\_\_\_

or

3.

- A. Fixed assets in the United States (at least \$20 million) =

31,010,000 - 479,000 = 30,531,000



B. Total Liabilities/Net Worth  
(2.5 times or less) =  $21,408,000 / 39,968,000 = .54$

Current Assets/Current  
Liabilities (1.2 times or  
greater) =  $22,516.00 / 8,225,000 = 2.73$

Reference: Annual Report 1986

Suitable agent (resident within the state of Utah)

Douglas S. Foxley, Attorney-At-Law  
50 South Main, Suite 975  
Salt Lake City, Utah 84144

Been in continuous operation of not less than five (5) years (in Utah)  
(immediately preceding the time of application) (submitted five  
annual reports--Yes ☐ No ☒ ) *DWH 9/30/88*

(i) Financial statements prepared by an independent certified  
public accountant in conformity with generally accepted accounting  
principles. Yes ☒ No ☐

(ii) Unaudited financial statements for completed quarters in  
the current fiscal year. Yes ☒ No ☐

(iii) Additional unaudited information as requested by the  
Division.



7/8/87 DMW

D.S.P.C.I. SELF BONDING AGREEMENT

① DATE PAGE 5

② COMPLETE "Affidavit of Qualification" ON PAGE ⑥ FOR COMPANY

Self Bonding Qualif. SHEET

FIXED ASSETS

CAN'T FIND "FIXED ASSETS" AS SUCH IN 1986 ANNUAL REPORT

31,010,000 NUMBER IS NET PROPERTY, PLANT & EQUIPMENT -  
UNDER "ASSETS" ON PAGE 22 OF 1986 ANNUAL REPORT.

ACCUMULATED  
DEPRECIATION  
& AMORTIZATION

- CAN'T FIND WHERE 479,000 NUMBER COMES FROM.

TOTAL LIABILITIES / NET WORTH

- TOTAL LIABILITIES - OK

- NET WORTH = They took "shareholders equity (net capital deficiency)"  
NUMBER FROM PAGE 22 OF 86 A.R. UNDER LIABILITIES  
AND SHAREHOLDERS EQUITY

CURRENT ASSETS / CURRENT LIABILITIES

OK.

[We need a permit TRANSFER AGREEMENT.]  
SILL



USPCI, INC.

Comparative Statement of Income  
(Unaudited)  
(In thousands, except per share amounts)

	Three Months Ended	
	March 31	
	<u>1987</u>	<u>1986</u>
Revenues.....	\$17,812	\$14,756
Cost and expenses:		
Operating costs and expenses.....	8,203	6,824
General and administrative expense.....	3,341	2,381
Depreciation and amortization.....	1,508	1,262
Closure costs.....	240	240
Interest.....	75	-
	<u>13,367</u>	<u>10,707</u>
Earnings before income taxes.....	4,445	4,049
Income tax expense.....	<u>1,911</u>	<u>1,575</u>
Net earnings.....	\$ 2,534	\$ 2,474
Net earnings per common share and common equivalent share.....	<u>\$ .30</u>	<u>\$ .30</u>
Weighted average common shares and common equivalent shares outstand- ing during the period.....	<u>8,452</u>	<u>8,358</u>

# # #



USPCI, INC. AND SUBSIDIARIES  
Cor 1' ted Balance Sheets

March 31, 1987 (unaudited) and December 31, 1986

<u>Assets</u>	<u>March 31, 1987</u>	<u>December 31, 1986</u>
<b>Current Assets:</b>		
Cash and temporary investments.....	\$ 1,761,000	\$ 790,000
Restricted temporary investments, at cost which approximates market.....	5,746,000	5,725,000
Accounts receivable net of allowance for doubtful accounts of \$269,000 in 1987 and \$263,000 in 1986.....	16,112,000	14,023,000
Prepaid expenses, deposits and other.....	<u>1,687,000</u>	<u>1,978,000</u>
Total current assets.....	25,306,000	22,516,000
 Property, plant and equipment, at cost.....	45,197,000	42,038,000
Less accumulated depreciation and amortization.....	<u>(12,214,000)</u>	<u>(11,028,000)</u>
Net property, plant and equipment.....	32,983,000	31,010,000
 Closure trust.....	1,009,000	879,000
Proprietary processes and permits, net of accumulated amortization of \$1,573,000 in 1987 and \$1,336,000 in 1986.....	4,516,000	4,749,000
Excess of cost over fair value of net assets acquired, net of accumulated amortization of \$106,000 in 1987 and \$90,000 in 1986.....	1,778,000	1,794,000
Other.....	<u>346,000</u>	<u>428,000</u>
	<u>\$ 65,938,000</u>	<u>\$ 61,376,000</u>

Liabilities and Shareholders' Equity

<b>Current liabilities:</b>		
Current installments of long-term debt.....	\$ 876,000	\$ 843,000
Accounts payable.....	3,265,000	4,873,000
Accrued expenses.....	2,721,000	1,991,000
Income taxes.....	<u>1,729,000</u>	<u>518,000</u>
Total current liabilities.....	8,591,000	8,225,000
 Long-term debt, excluding current installments...	11,319,000	9,896,000
Liability for closure costs.....	2,194,000	2,298,000
Deferred income taxes.....	1,188,000	989,000
<b>Shareholders' equity:</b>		
Preferred stock of \$10.00 par value per share. Authorized 1,000,000 shares; no shares issued or outstanding.....	--	--
Common stock of \$.10 par value per share; Authorized 15,000,000 shares; issued and outstanding 8,278,000 shares in 1987 and 8,266,000 in 1986.....	828,000	827,000
Additional paid-in capital.....	26,397,000	26,295,000
Retained earnings.....	<u>15,421,000</u>	<u>12,846,000</u>
Total shareholders' equity.....	<u>42,646,000</u>	<u>39,968,000</u>
	<u>\$ 65,938,000</u>	<u>\$ 61,376,000</u>

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